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STATISTICAL BULLETIN

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Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
Bethesda MD 20814

Highlights

- CONSUMER DEMAND MAINTAINS MOMENTUM, DESPITE ONGOING WEAKNESS IN CAR AND HOME SALES, AND CONSUMERS REMAIN OPTIMISTIC.
- LABOR REPORTS SHOW SOME MODERATING TRENDS.
- STRONG INDUSTRIAL OUTPUT GROWTH BACKED BY VIGOROUS BUSINESS INVESTMENT, BUT EXPORT GROWTH IS STARTING TO SLIP.
- ON THE INFLATION WATCH: WAGES, AND FOOD AND RAW MATERIAL PRICES ARE UP, BUT THE PROGNOSIS IS GOOD.
- OUTLOOK • AFTER A MODEST RISE IN THE FOURTH QUARTER, GNP WILL QUICKEN IN THE FIRST QUARTER OF 1989, AND THEN SUBSIDE.

Volume 21, No. 11, November, 1988.

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: Despite its advanced age, the domestic expansion is currently firing on all fronts. Export growth continues, although no longer at an explosive pace. Consumer demand, long expected to peter out, shows no signs of letup. And strong business spending on plant and equipment, although bound to weaken in 1989, remains a major growth factor. The median of the **Economic Forecasts** is for annualized growth in real GNP of about 2½% in the fourth quarter, seasonally adjusted, spurting to a bit over 4% in the first quarter of 1989. Hot dry weather this summer stunted more than farm production, resulting in slower growth in the final quarter than expected. Some recovery early in 1989 explains, in part, the anticipated growth spurt. The bottom line is an economy still in third gear, which, in itself, could present problems, including the potential for further interest rate hikes by the Federal Reserve to avert economic overheating.

The concern is that the economy is growing too fast, as reflected in the sharp rise in hourly pay rates over the last two months. Moreover, there is concern of a repeat of last October's financial-market turmoil. Nevertheless, the **Economic Forecasts** point to considerable slowing in economic growth after the first quarter of 1989. Consumer demand, business investment, and export growth may all subside, as the final stages of the long expansion play out. Finally, a new round of interest rate hikes would increase the likelihood of that development.

DOMESTIC MARKET MONITOR

Although labor market activity appeared to be slowing, the October data on jobs and hours worked were strong enough to resurrect inflationary fears. Most troubling, the average hourly pay rate in private industry hit $9.44 in October, a full 12 cents higher than only two months earlier. That sharp, sudden rise suggests employers are bidding up wages for qualified job applicants in a tight labor market.

The irony is that, even though job growth remains strong and hourly pay rates are rising, labor force growth has again turned sluggish. The number of black adult men working or looking for work was 1.4% higher in October than three months earlier, a fairly strong gain. But the rate for black adult women fell. Among white adults, the rise for women offset a decline for men. One implication of these conflicting statistics is that the decline in the unemployment rate may be overstated.

Whether overstated or not, the drop in unemployment may be reaching its end. The Conference Board's **Help-wanted Index**, a measure of labor demand, confirms no major rise in demand over the last year. The consensus of the **Economic Forecasts** is for little change in the unemployment rate until spring, when it is expected to begin inching up. Again a tightening in monetary policy, if it develops now, enhances that prospect.

INCOME: After a dip in August, wage growth resumed in September, as a result of more hours worked and gains in hourly pay. Wages in commodity-producing industry were 1.5% higher in September than three months earlier. Wages in the "other industry" category were 1.9% higher. Given the rise in hours and hourly pay in October, strong wage gains undoubtedly continued.

Nonwage income growth, which had been faltering, has recovered somewhat, chiefly reflecting faster gains in rental and interest income. Shopkeepers' income, however, is still falling.

The slow pace of consumer borrowing continues. But some pickup in wage income helped to further reduce the ratio of **Consumer Installment Debt Expansion to Personal Income** through September. If interest rates are raised, consumers will be even more reluctant to borrow money. One possible exception would be a slight rise in auto loans, if incentive programs are reintroduced.

Consumer optimism continues to falter, albeit slightly. The Conference Board's **Consumer Confidence Index** stood at 117.4 (1985=100) in October, compared to 119.7 in August. The Expectations Component, however, was at the same level in both months, suggesting unshaken faith in continued job and pay gains. The strong employment rise in October will reaffirm that faith, but confidence will still be vulnerable to the first signs of more unemployment or inflation.

SPENDING: Slower income gains in August seem to have limited the rise in consumer spending in September. Retail sales, except autos, were only 1% higher in September than three months earlier. Sales of durable goods, except cars, were actually 1% lower. With income growth picking up in September, and probably again in October, more moderate increases in consumer buying are likely to reappear, if only temporarily.

Car sales remain a weak segment of consumer demand. New domestic **Automobile Sales** were running at a 7.2 million annual rate, seasonally adjusted, in October, not much stronger than in prior months. Sales of foreign models have also remained modest. The buying pace may pick up, however, especially if incentive programs are reintroduced. Car makers may have to resort to such techniques to overcome the impact of higher auto loan rates.

CONSTRUCTION: Home sales, which have been flat for some time, are another weak link in consumer demand. Homebuilders, however, usually do not engage in the kinds

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board, Inc., 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y. POSTMASTER: Send address changes to The Conference Board, 845 Third Avenue, New York, N.Y. 10022

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New York, N.Y. 10022

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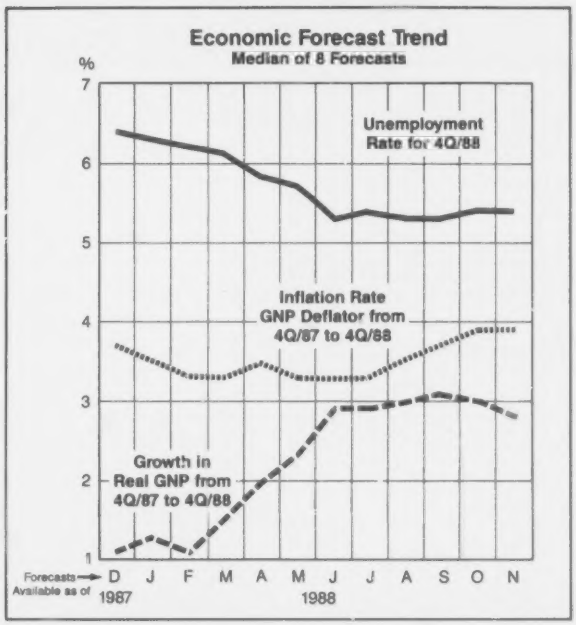


of incentive programs that spur car sales. Home buying, then, is unlikely to turn around soon. That prognosis is backed by the continued slide in home building. Single-unit home starts were 3.8% lower in September than three months earlier.

Nonresidential construction is also now mired in a slump. Industrial, office, and commercial, but not public, building were lower in October than three months earlier. The decline in hours worked in construction in October indicates that the building slump persists.

PRODUCTION: Business investment, exports, and consumer spending are all rising, leading to strong industrial output gains, high capacity utilization, and continued gains in new hiring. Industrial output was 1.3% higher in September than three months earlier, despite a 0.4% decline in defense- and space-related output. Production of consumer durables was 0.8% higher. Business equipment was 1.8% higher. The strong rise in manufacturing jobs and hours worked in October suggest no change in trend is developing.

The degree of strength in business investment, exports, and consumer spending is reflected in the rising trend in new orders, except for defense-related goods. September's drop was probably a one-month aberration. Despite September's decline, the ratio of unfilled orders to shipments was still 4.1% higher than three months earlier, indicating that order books are sufficiently full to keep production humming for the next few months, even if the rise in new orders slows a little.

INVENTORY: The degree of strength in industrial conditions is also reflected in the continued decline in inventory ratios. Total inventory, except cars at the retail level, was 2% higher in August than three months earlier. But industrial sales were 2.9% higher. Thus, the Inventory-to-Sales ratio fell. That ratio has been edging down all year. With both rising consumer demand and business investment, inventory ratios almost surely fell again in September and October, keeping up pressure to maintain the high pace of production schedules.

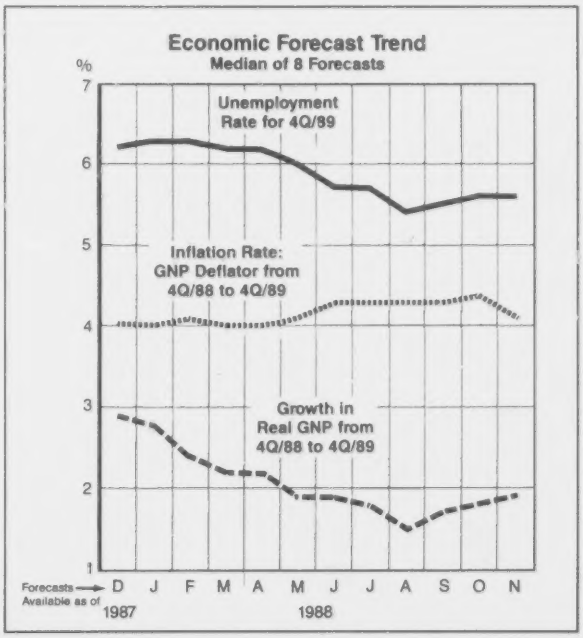
INFLATION: Financial-market jitters were quieting down, but with hourly pay rates jumping for two straight months, nerves may again become frayed. Strong industrial demand is pushing up the price of raw materials. Raw industrial metal prices have been rising for the last six months. Crop prices are also rising. Still, wholesale prices for crude materials, except food and energy, were lower in October than in August.

So, where is inflation headed? The consensus of the **Economic Forecasts** is that the CPI will be rising by about 5% by the first quarter of 1989. Even the most pessimistic forecast calls for no more than a 6% rate by the fourth quarter of 1990 (the last quarter in the forecast horizon). Such forecasts have not quelled financial jitters in the past, and are unlikely to do so now, unless accompanied by interest rate hikes.

INTERNATIONAL MONITOR

The export news is not as bad as first appears. Total exports of manufactured goods were only 2.1% lower in August than three months earlier. But exports of autos and parts were 14% higher, while consumer goods shipments were up by 5%, and capital goods shipments rose 3 percent. In addition, the data show declines in exports to Canada and Europe, economies growing fast enough to absorb more, not less, exports from the United States (see the **Selected International Comparisons** chart).

Ken Goldstein
November 9, 1988

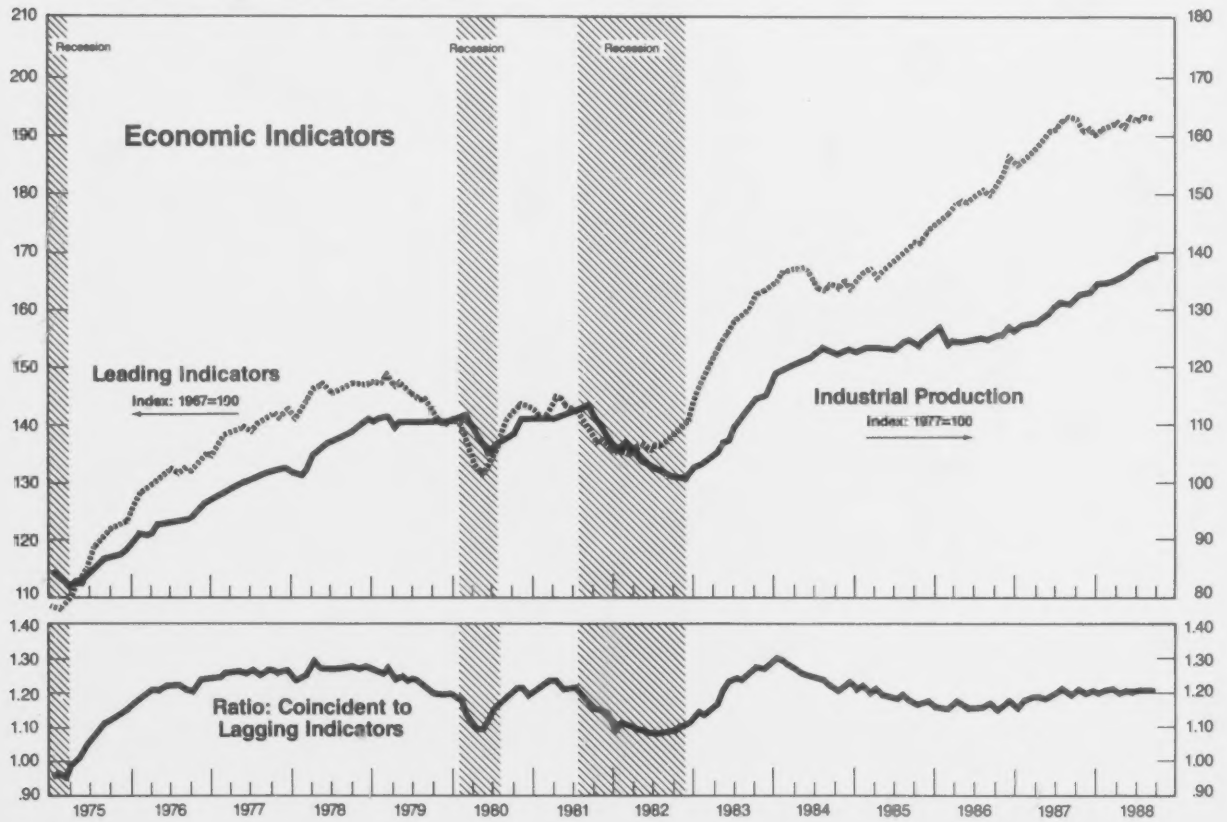


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Sept.		X		- 0.3%	0.7%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Sept.			X	- 6.7%	8.8%
New orders, nondefense capital goods (deflated)	Sept.			X	- 6.5%	12.4%
*New business formation	Sept.	X			1.9%	2.4%
*Housing permits	Sept.			X	- 6.6%	- 7.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sept.	X			0.0%	2.1%
*Change in inventory, on hand & order (deflated)	Aug.		X		-19.1%	-59.8%
Purchasing manager's buying policy	Oct.			X	- 2.3%	-10.4%
*Vendor performance, reported slower deliveries	Sept.		X		- 5.7%	- 4.3%
Industrial raw materials prices	Oct.			X	- 1.6%	3.3%
*Change in sensitive material prices	Sept.			X	-35.6%	-77.2%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Sept.			X	- 0.5%	1.2%
Change in business loans	Sept.			X	-308.1%	-266.6%
*Change in credit outstanding	Aug.	X			71.0%	158.5%
Change in consumer installment debt	Sept.			X	-33.2%	-54.3%
Profitability						
Total corporate profits, after tax (deflated)	2nd.Q	X			9.1%	13.8%
*Common stock prices	Oct.	X			2.6%	- 1.5%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.		X		0.0hr	- 0.1hr
*Initial unemployment claims (inverted)	Sept.	X			3.1%	1.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1987 Sept.	1988 Jun.	1988 Jul.	1988 Aug.	1988 Sept.(e)
Principal Diffusion Index	64.8r	60.3r	59.5r	57.0r	57.0
Auxiliary Diffusion Index	53.6r	60.3r	47.3r	42.1r	49.9
Industrial Group	63.5r	57.2r	56.5r	55.2r	55.7
Nonindustrial Group	66.2r	63.4r	62.4r	58.8r	58.3
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	70.1	56.8r	62.8r	63.2	64.1
Labor	57.4	59.5r	54.7r	52.2r	56.0
Miscellaneous	68.6	51.9	51.3	50.6	42.3
Nonindustrial Subgroups					
Prices	81.4	59.6	50.6	42.9	43.6
Consumer	69.7	67.7	67.9r	68.2r	63.2
Building	51.6	57.1	64.1	55.8	62.8
Miscellaneous	62.4r	65.8r	63.7	62.2r	60.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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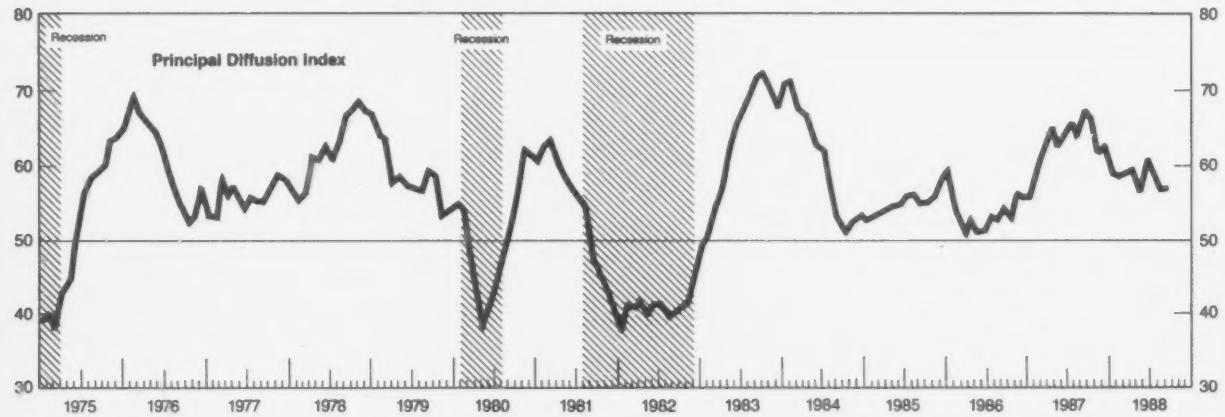
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985 Nov.	1986 Feb.	1986 May	1986 Aug.	1986 Nov.	1987 Feb.	1987 May	1987 Aug.	1987 Nov.	1988 Feb.	1988 May	1988 Aug.
	Score (scale 0-100)											
Measure of Business Confidence	55	61	61	50	51	55	55	59	47	51	58	56
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	53	63	61	44	50	56	55	62	50	49	64	65
2. Expectations for Economy, Six Months Ahead	56	62	62	52	51	54	53	56	43	50	54	51
3. Expectations for Own Industry, Six Months Ahead	56	59	60	54	53	56	56	58	48	54	55	53

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Oct., 1988*		*Oct., 1988*		*Oct., 1988*		*Oct., 1988*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**III**	**$4899.5**	**6.4%**	**$4899.5**	**6.4%**	**$4899.5**	**6.4%**	**$4899.5**	**6.4%**
Forecast	1988	IV	4983.3	7.0	4982.9	7.0	4982.0	6.9	4955.8	4.7
	1989	I	5096.8	9.4	5095.6	9.4	5054.1	5.9	5067.9	9.4
		II	5177.3	6.5	5173.6	6.3	5130.7	6.2	5148.6	6.5
		III	5222.8	3.6	5220.6	3.7	5207.8	6.1	5221.0	5.7
		IV	5244.5	1.7	5261.9	3.2	5284.2	6.0	5302.4	6.4
	1990	I	5268.0	1.8	5338.7	6.0	5358.1	5.7	5373.6	5.5
		II	5327.4	4.6			5442.0	6.4	5446.6	5.5
		III	5398.3	5.4			5525.1	6.2		
		IV	5464.6	5.0			5615.2	6.7		
	1988	Annual	4857.8	7.3	4857.7	7.3	4857.5	7.3	4850.9	7.2
	1989	Annual	5185.4	6.7	5187.9	6.8	5093.7	4.9	5185.0	6.9
	1990	Annual	5364.6	3.5			5485.1	7.7		
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**III**	**$4007.3**	**2.2%**	**$4007.3**	**2.2**	**$4007.3**	**2.2%**	**$4007.3**	**2.2%**
Forecast	1988	IV	4041.6	3.5	4031.7	2.5	4034.0	2.7	4019.3	1.2
	1989	I	4095.9	5.5	4074.5	4.3	4053.0	1.9	4067.3	4.9
		II	4113.6	1.7	4088.0	1.3	4072.0	1.9	4089.4	2.2
		III	4102.2	-1.1	4085.2	-0.3	4091.0	1.9	4107.8	1.8
		IV	4076.2	-2.5	4078.6	-0.6	4109.0	1.8	4129.6	2.1
	1990	I	4047.9	-2.7	4091.7	1.3	4128.0	1.9	4139.9	1.0
		II	4054.7	0.7			4151.0	2.2	4145.1	0.5
		III	4068.1	1.3			4173.0	2.1		
		IV	4078.4	1.0			4203.0	2.9		
	1988	Annual	3997.6	3.9	3995.1	3.8	3995.7	3.9	3992.0	3.8
	1989	Annual	4097.0	2.5	4081.6	2.2	4081.3	2.1	4098.5	2.7
	1990	Annual	4062.3	-0.8			4163.8	2.0		
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**III**	**122.3**	**4.1%**	**122.3**	**4.1%**	**122.3**	**4.1%**	**122.3**	**4.1%**
Forecast		IV	123.3	3.4	123.6	4.4	123.5	4.1	123.3	3.4
	1989	I	124.4	3.7	125.1	4.8	124.7	3.9	124.6	4.3
		II	125.9	4.6	126.6	4.9	126.0	4.2	125.9	4.2
		III	127.3	4.7	127.8	4.0	127.3	4.2	127.1	3.9
		IV	128.7	4.3	129.0	3.9	128.6	4.2	128.4	4.2
	1990	I	130.1	4.7	130.5	4.6	129.8	3.8	129.8	4.4
		II	131.4	3.9			131.1	4.1	131.4	5.0
		III	132.7	4.0			132.4	4.0		
		IV	134.0	3.9			133.6	3.7		
	1988	Annual	121.5	3.3	121.6	3.3	121.6	3.3	121.5	3.3
	1989	Annual	126.6	4.2	127.1	4.5	126.6	4.2	126.5	4.1
	1990	Annual	132.1	4.3			131.7	4.0		
Unemployment Rate										
Actual	**1988**	**III**		**5.3%**		**5.4%**		**5.5%**		**5.5%**
Forecast		IV		5.3		5.3		5.5		5.3
	1989	I		5.2		5.3		5.6		5.1
		II		5.1		5.5		5.7		4.9
		III		5.1		5.7		5.7		4.9
		IV		5.4		6.1		5.8		5.0
	1990	I		5.8		6.4		5.8		5.2
		II		6.2				5.7		5.4
		III		6.5				5.6		
		IV		6.7				5.6		
	1988	Annual		5.4		5.5		5.6		5.5
	1989	Annual		5.2		5.7		5.7		5.0
	1990	Annual		6.3				5.7		5.3

Notes: [1]Based on preliminary third quarter data.

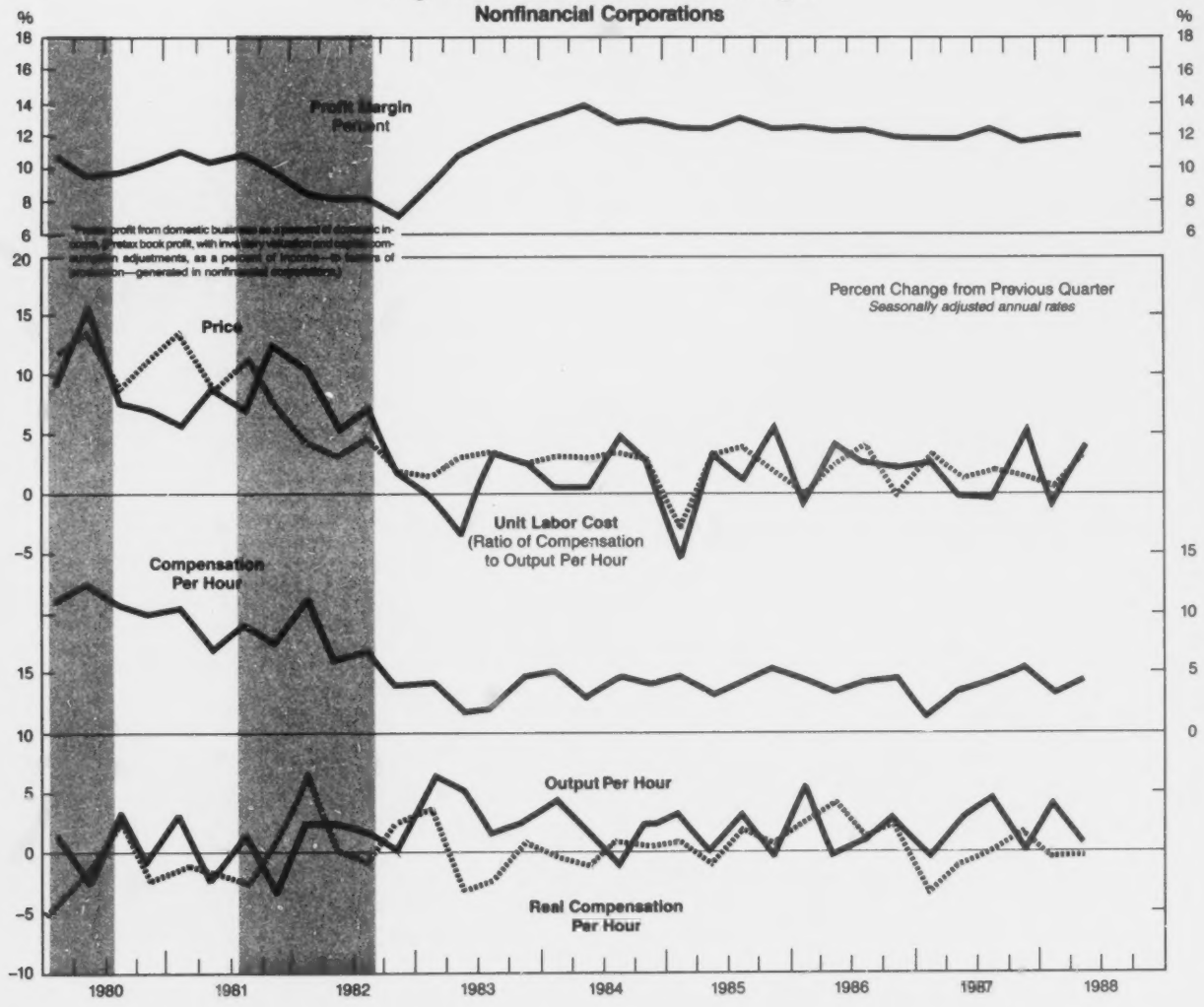
ECONOMIC FORECASTS (continued)

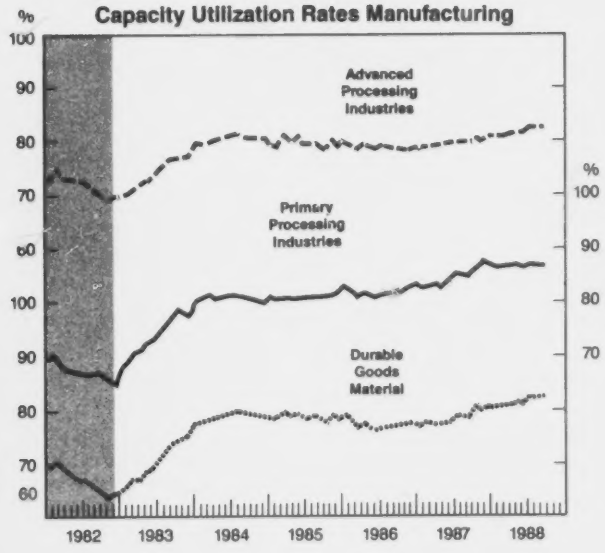
The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Oct., 1988		Oct., 1988		Oct., 1988		Oct., 1988		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4899.5	**6.4%**	**$4899.5**	**6.4%**	**$4899.5**	**6.4%**	**$4899.5**	**6.4%**	**III**	**1988**	**Actual**
4993.0	7.9	4975.1	6.3	4959.5	5.0	4969.0	5.8	IV		Forecast
5079.0	7.1	5086.2	9.2	5060.4	8.4	5065.5	8.0	I	1989	
5150.0	5.7	5161.5	6.1	5118.8	4.7	5134.0	5.5	II		
5192.0	3.3	5227.7	5.2	5180.1	4.9	5215.6	6.5	III		
5224.0	2.5	5294.2	5.2	5242.6	4.9	5300.5	6.7	IV		
		5380.6	6.7	5321.0	6.1	5383.3	6.4	I	1990	
		5458.9	5.9	5406.8	6.6	5475.8	7.1	II		
		5542.9	6.3	5507.6	7.7	5575.9	7.5	III		
		5635.5	6.9	5613.7	7.9	5676.7	7.4	IV		
4860.2	7.4	4855.7	7.3	4851.8	7.2	4854.2	7.2	Annual	1988	
5161.3	6.2	5192.4	6.9	5150.5	6.2	5178.9	6.7	Annual	1989	
		5504.5	6.0	5462.3	6.1	5527.9	6.7	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
$4007.3	**2.2%**	**$4007.3**	**2.2%**	**$4007.3**	**2.2%**	**$4007.3**	**2.2%**	**III**	**1988**	**Actual**
4036.4	2.9	4022.6	1.5	4021.3	1.4	4027.6	2.0	IV		Forecast
4056.9	2.0	4071.3	4.9	4070.4	5.0	4060.5	3.3	I	1989	
4063.7	0.7	4096.1	2.5	4077.9	0.7	4073.1	1.2	II		
4049.7	–1.4	4118.0	2.2	4087.0	0.9	4096.2	2.3	III		
4030.9	–1.8	4140.1	2.2	4099.7	1.2	4125.7	2.9	IV		
		4162.1	2.1	4115.5	1.6	4142.1	1.6	I	1990	
		4185.1	2.2	4141.0	2.5	4169.6	2.7	II		
		4212.0	2.6	4176.8	3.5	4201.5	3.1	III		
		4243.7	3.0	4214.0	3.6	4235.8	3.3	IV		
3996.3	3.9	3992.8	3.8	3992.5	3.8	3994.1	3.8	Annual	1988	
4050.3	1.4	4106.4	2.8	4083.9	2.3	4088.9	2.4	Annual	1989	
		4200.7	2.3	4161.8	1.9	4187.3	2.4	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
122.3	4.1%	122.3	4.1%	122.3	4.1%	122.3	4.1%	III	1988	Actual
123.7	4.8	123.7	4.7	123.3	3.5	123.4	3.7	IV		Forecast
125.2	4.9	124.9	4.1	124.3	3.3	124.8	4.5	I	1989	
126.7	5.0	126.0	3.5	125.5	3.9	126.0	4.2	II		
128.2	4.7	126.9	3.0	126.7	3.9	127.3	4.1	III		
129.6	4.4	127.9	3.0	127.9	3.6	128.5	3.7	IV		
		129.3	4.5	129.3	4.5	130.0	4.7	I	1990	
		130.4	3.6	130.6	4.0	131.3	4.3	II		
		131.6	3.6	131.9	4.0	132.7	4.3	III		
		132.8	3.7	133.2	4.2	134.0	4.0	IV		
121.6	3.4	121.6	3.4	121.5	3.3	121.5	3.3	Annual	1988	
127.4	4.8	126.4	4.0	126.1	3.8	126.7	4.2	Annual	1989	
		131.0	3.6	131.2	4.1	132.0	4.2	Annual	1990	
								Unemployment Rate		
	5.5%		**5.5%**		**5.5%**		**5.5%**	**III**	**1988**	**Actual**
	5.5		5.4		5.4		5.4	IV		Forecast
	5.5		5.4		5.5		5.4	I	1989	
	5.6		5.4		5.5		5.5	II		
	5.9		5.4		5.6		5.6	III		
	6.3		5.4		5.7		5.6	IV		
			5.5		5.8		5.7	I	1990	
			5.5		5.9		5.8	II		
			5.5		5.9		5.8	III		
			5.5		5.8		5.7	IV		
	5.6		5.5		5.5		5.5	Annual	1988	
	5.8		5.4		5.6		5.5	Annual	1989	
			5.5		5.9		5.8	Annual	1990	

CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

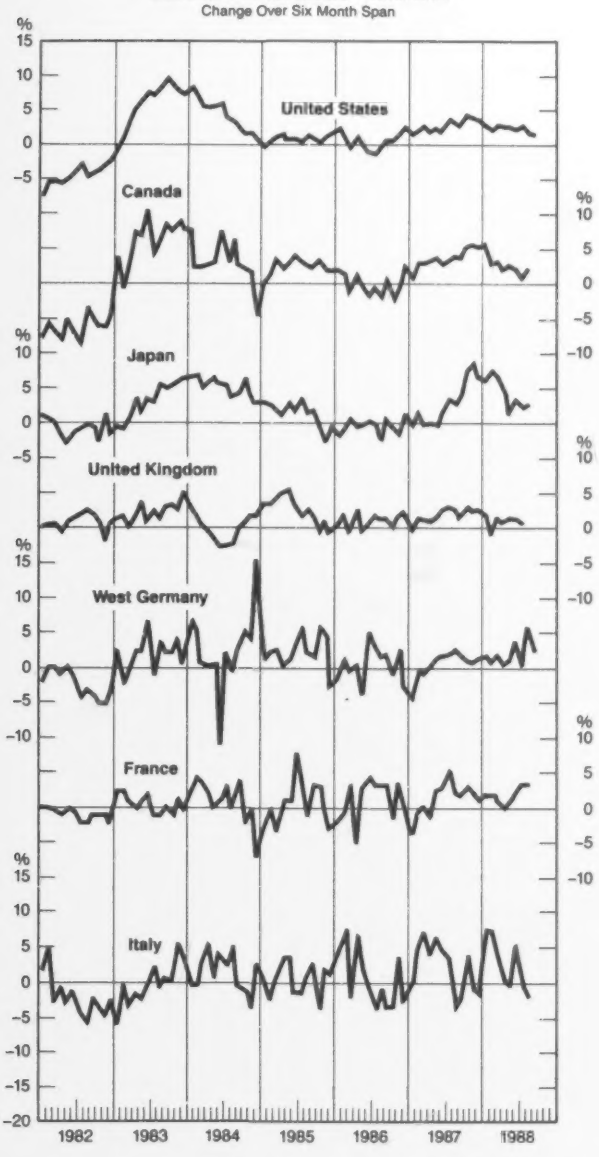




Selected International Comparisons

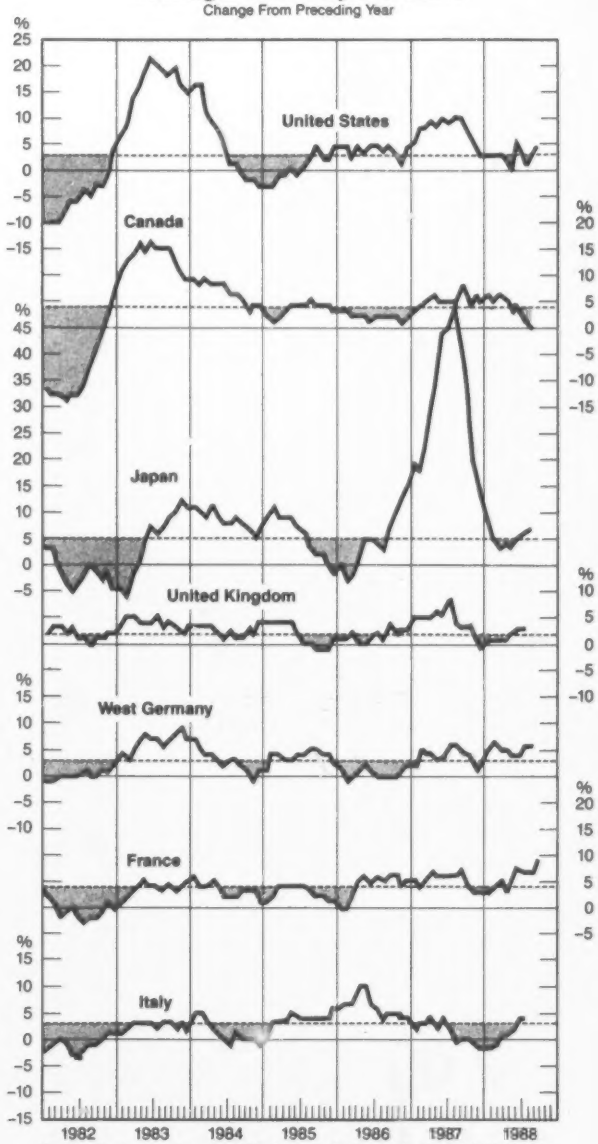
Industrial Production Indexes

Change Over Six Month Span



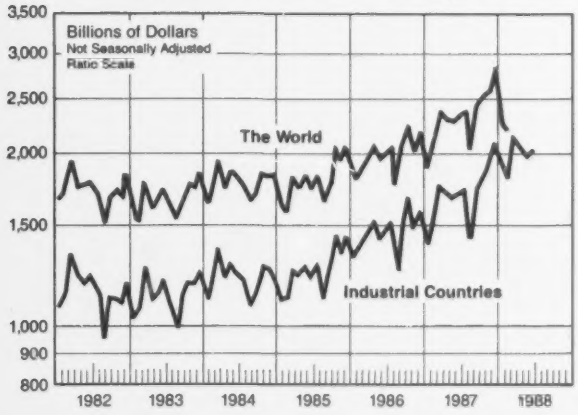
Leading Business Cycle Indexes

Change From Preceding Year

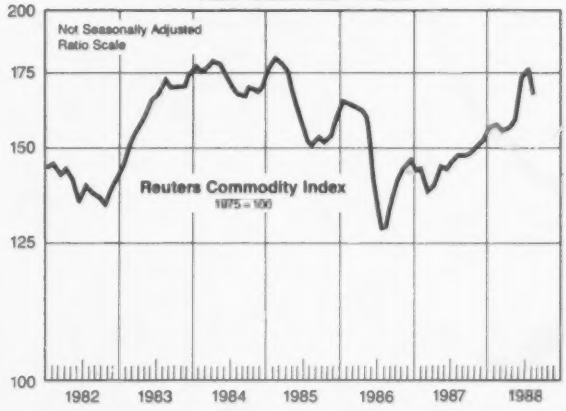


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



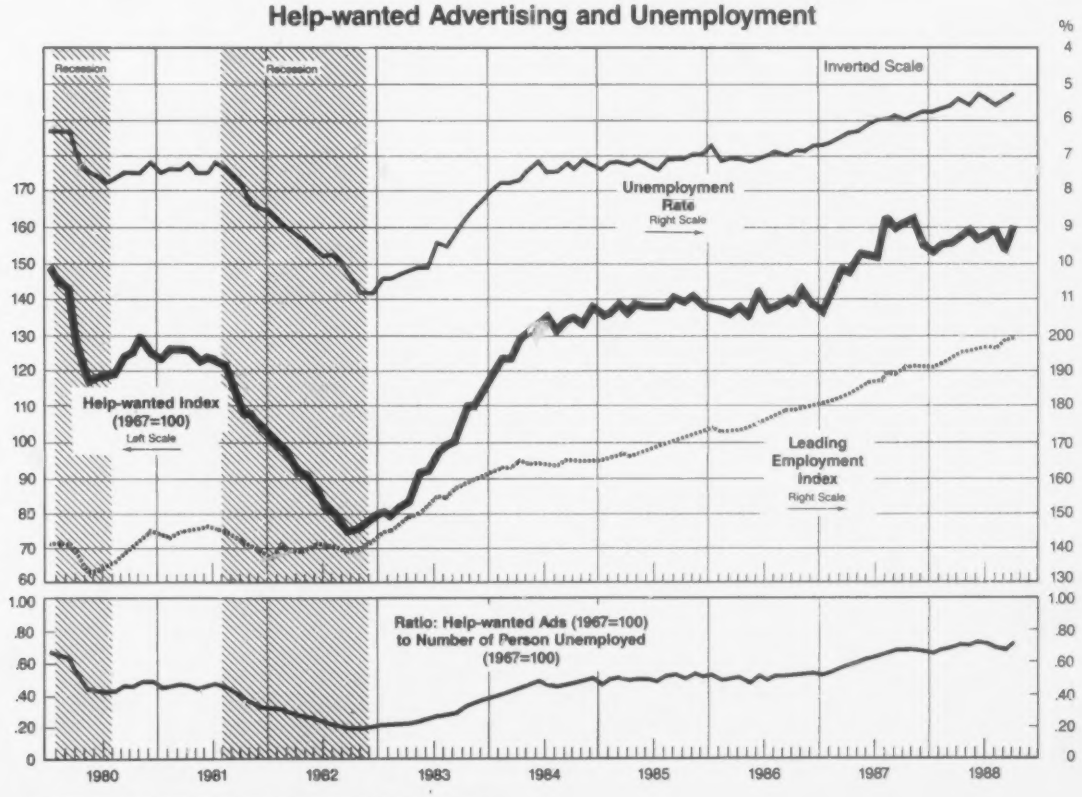
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1988 Sep.	1988 Aug.	1988 Jul.	1987 Sep.
National Index	153	160	159	159r
New England	141	145	148	175
Boston	133	143	145	174
Hartford	149	152	152	184
Providence	159	147	154	171
Middle Atlantic	85	89	87	93
Albany	239	235	188	305
Allentown	395	397	375	392
New York	56	59	59	67
Philadelphia	68	73	74	77
Pittsburgh	100	105	106	90
Rochester	91	104	115	92
Syracuse	171	170	158	149
East North Central	105	110r	112	104
Chicago	110	117	119	117
Cincinnati	179	173	184	160
Cleveland	71	77	81	64
Columbus	171	189	189	180
Dayton	92	94r	93	86
Detroit	58	61	62	56
Gary	197	198	208	172
Indianapolis	129	136	119	115
Milwaukee	88	85r	84	82r
Toledo	140	146	152	136
West North Central	94	102	105	97r
Kansas City	118	139	138	131
Minneapolis	86	96	98	97r
Omaha	168	158	170	145
St. Louis	68	70	76	64
South Atlantic	214	223r	218	223r
Atlanta	256	268	279	283
Baltimore	262	269	251	265
Charlotte	207	215	216	208
Jacksonville	231	243	232	249
Miami	172	180r	169	169r
Richmond	139	154	155	160
Washington, D.C.	N.A.	N.A.	195	197
East South Central	189	196	189	192
Birmingham	196	201	197	187r
Knoxville	322	340	332	296
Louisville	107	107	103	98
Memphis	140	150	140	143
Nashville	257	266	253	306
West South Central	174	180r	184r	170r
Dallas	145	154	160	157
Houston	255	262r	257r	244r
New Orleans	126	126	140	115
Oklahoma City	116	123	126	109
San Antonio	142	141	149	135
Tulsa	145	150	162	127
Mountain	304	311	319	312
Denver	202	213	218	209
Phoenix	401	404	399	433
Salt Lake City	366	371	400	343
Pacific	250	261	253	255
Los Angeles	165	180	170	173
Sacramento	522	497	487	481
San Bernadino	261	311	306	316
San Diego	571	601	621	590
San Francisco	262	261	248	265
Seattle	267	265	262	244
Percentage of papers with rising volume	20	47	67	43r
Unemployment rate	5.4	5.6	5.4	5.9

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University.

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7r	117.4p		

Expectations Index

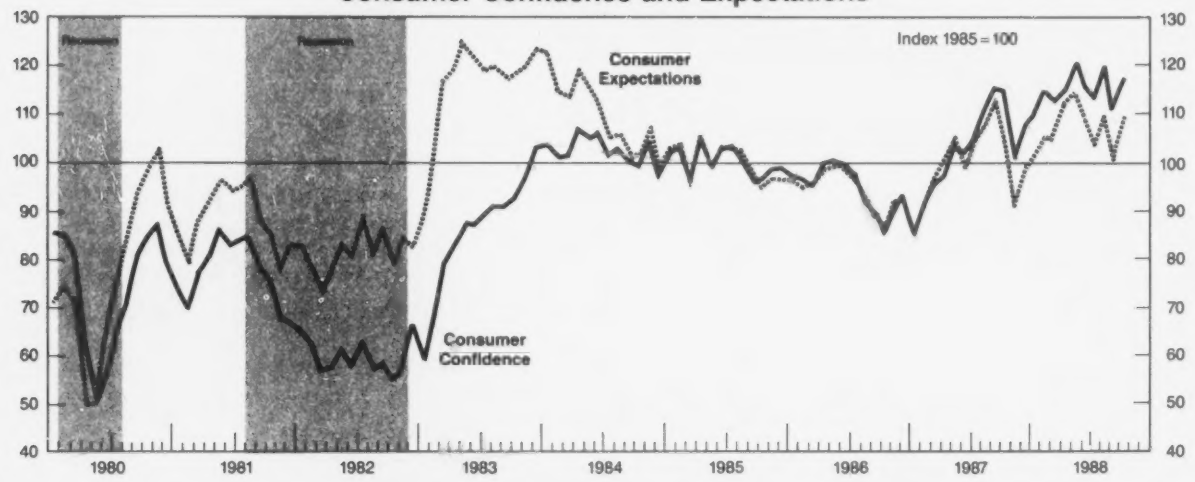
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1r	109.0p		

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

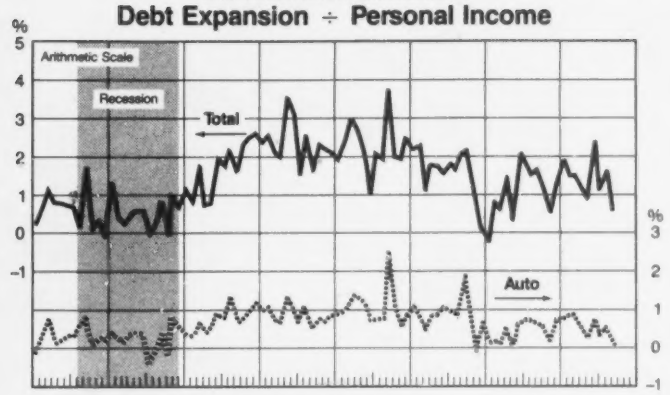
	1986	1987				1988		Percent Change From Previous Year	
								Actual	Estimate
	IV-86	I-87	II-87	III-87	IV-87	I-88(r)	II-88(p)	1987	1988
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	20.097	21.441	32.257	29.561	35.909	30.846	39.682	31%	23%
Capital expenditures	23.299	20.801	25.933	27.381	29.820	29.412	31.469	11	26
Change in appropriations backlog*	-10.990	-0.550	5.460	-0.080	3.510	0.650	7.840		
Durable Goods									
New appropriations	10.807	9.746	16.515	17.208	20.245	14.310	18.442	55	20
Capital expenditures	12.915	11.124	14.006	13.970	16.037	15.780	16.368	17	26
Change in appropriations backlog*	-4.140	-2.070	2.310	2.930	3.810	-1.720	2.530		
Nondurable Goods									
New appropriations	11.290	11.695	15.742	12.353	15.664	16.536	21.240	24	25
Capital expenditures	10.384	9.677	11.927	13.411	13.783	13.632	15.101	6	26
Change in appropriations backlog*	-6.853	1.520	3.160	-3.010	-0.300	2.590	5.310		
ELECTRIC & GAS UTILITIES									
New appropriations	5.468r	6.528r	5.605r	5.174r	6.286r	8.083	4.439		
Capital expenditures	6.114r	7.662r	7.072r	7.771r	6.590r	6.857	6.620		
Change in appropriations backlog*	-1.185r	-0.720r	-1.610r	-2.840r	-0.430r	1.235	-2.630		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

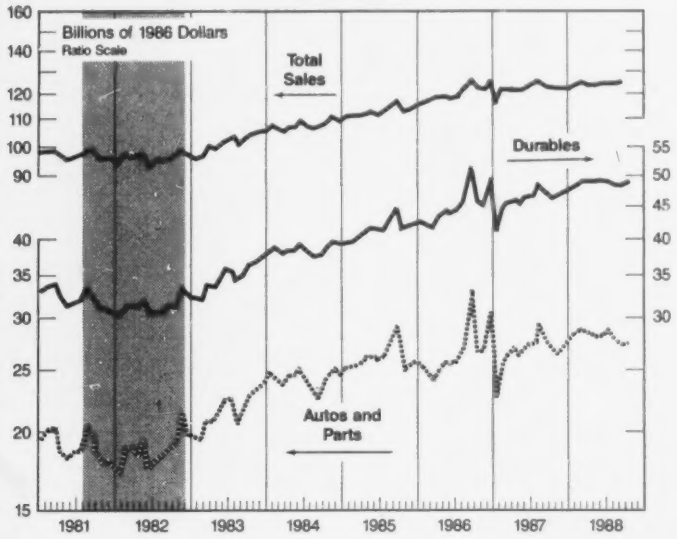
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



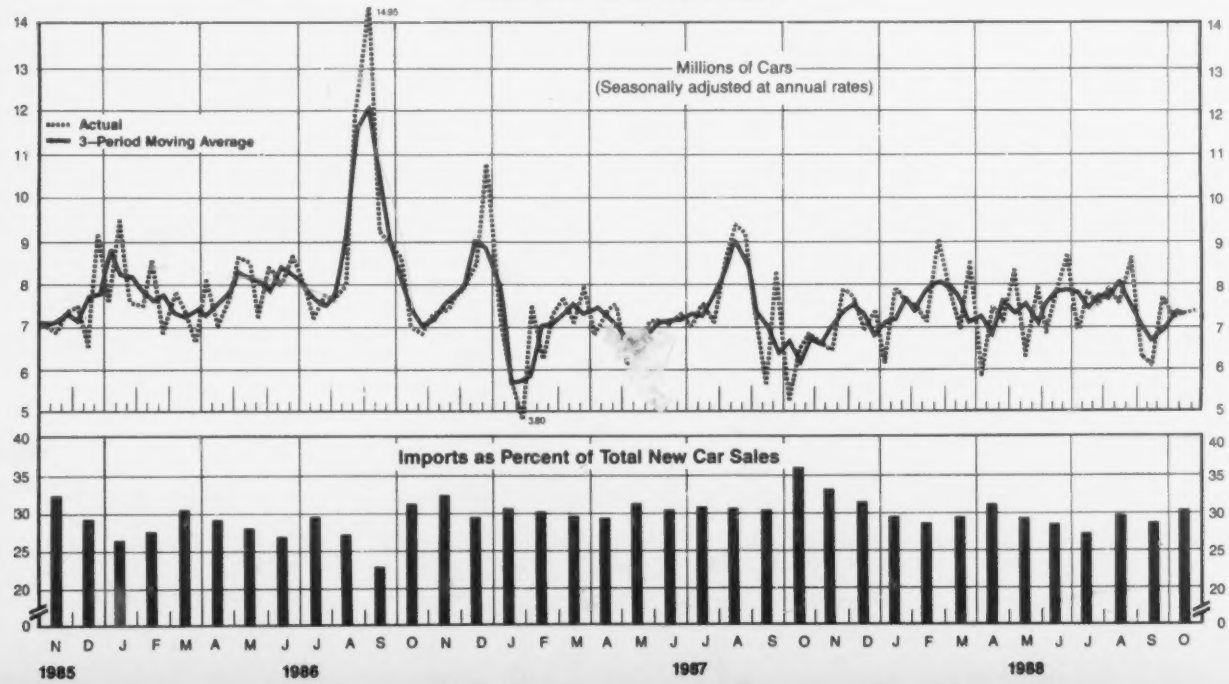
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1985	1986	1987	1988
January:	1-10	8.23	7.61	7.42	6.06
	11-207.84	8.00	9.45	5.97	7.89
	21-31	7.77	7.57	3.80	7.56
February:	1-10	7.24	7.56	7.46	7.51
	11-20	7.70	8.55	6.34	7.11
	21-28(29)	9.17	6.80	7.28	9.03
March:	1-10	8.09	7.76	7.60	7.88
	11-20	8.90	7.37	7.08	6.94
	21-31	8.52	6.69	7.99	8.50
April:	1-10	7.87	8.09	6.87	5.82
	11-20	9.24	7.07	7.35	7.45
	21-30	8.03	7.55	7.57	7.04
May:	1-10	7.91	8.63	6.17	8.37
	11-20	8.76	8.56	6.43	6.31
	21-31	8.09	7.22	7.08	7.99
June:	1-10	8.33	8.40	7.14	6.81
	11-20	7.66	8.00	7.10	7.97
	21-30	7.08	8.60	7.27	8.70
July:	1-10	7.38	8.04	7.04	6.91
	11-20	7.75	7.15	7.54	7.82
	21-31	7.38	7.77	7.11	7.46
August:	1-10	7.11	7.63	8.55	7.93
	11-20	8.06	7.95	9.32	7.59
	21-31	13.41	11.80	9.15	8.60
September:	1-10	10.93	14.95	7.20	6.31
	11-20	9.10	9.25	5.71	6.08
	21-30	10.69	8.91	8.29	7.65
October:	1-10	7.01	8.60	5.25	7.20
	11-20	6.84	7.00	6.47	7.37
	21-31	7.32	6.88	6.86	7.38
November:	1-10	7.04	7.26	6.68	
	11-20	6.88	7.39	6.44	
	21-30	7.31	7.69	7.88	
December:	1-10	7.49	7.88	7.72	
	11-20	6.60	8.42	6.93	
	21-31	9.12	10.71	7.33	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


14.95
Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3–Period Moving Average
3.80
Imports as Percent of Total New Car Sales
N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O
1985
1986
1987
1988